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RUFOAOA/USNIC SARAJEVO IMMEDIATE  
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C O N F I D E N T I A L SARAJEVO 000230

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DEPT FOR EUR (DICARLO), D (SMITH), P (BAME), EUR/SCE (HOH,  
SAINZ, FOOKS), EUR/ACE, EUR/NCE, EUR/RPM (BROTZEN), F,  
L/LEI, OIG, AND PM, NSC FOR BRAUN, USNIC FOR WIGHTMAN, OSD  
FOR MARK JONES, USNATO FOR SHAFFER

E.O. 12958: DECL: 01/31/2017  
TAGS: [MASS](#) [PREL](#) [MOPS](#) [PGOV](#) [KCRM](#) [BK](#) [SI](#)  
SUBJECT: BOSNIA - PROSECUTOR TO OPEN INVESTIGATION OF  
USG-FUNDED DEMINING PROGRAMS

REF: A. STATE 495

[1](#)B. 06 SARAJEVO 2907  
[1](#)C. 06 SARAJEVO 2706

[1](#)1. (C/NF) SUMMARY: On January 31, we formally requested that the State Prosecutor and State Investigation and Protection Agency (SIPA) open a full investigation of USG-funded humanitarian demining programs (Ref A). Both organizations pledged to conduct a thorough investigation separate from the ongoing Radomir Kojic case. Separately, prosecutors again raised their request for USG documents in support of the Kojic prosecution, noting they would be necessary to establish the extent of Kojic's criminal activities. On January 25, Embassy Ljubljana and Sarajevo officials met with the former director of ITF Bosnia, Robert Strazisar (protect), who raised further allegations against about corruption and fraud in the demining sector. END SUMMARY

Embassy Requests Thorough Investigation  
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[1](#)2. (SBU) On January 31, we presented State Prosecutor Marinko Jurcevic a letter requesting that SIPA conduct a formal investigation into USG-funded demining programs per Ref A instructions. The letter, required under Bosnian law to initiate an investigation, listed allegations of fraud brought to our attention about demining programs, including:

- illegal accreditation of demining organizations;
- illegal collusion in the demining tendering process;
- willful false marking of mined areas to establish phony projects;
- false certification of mined areas as cleared;
- the existence of shell demining companies serving money laundering purposes;
- conflict of interest concerns between demining officials and demining companies;
- continued involvement in demining activities by persons previously barred from such work; and,
- kickbacks provided by demining companies in return for tenders.

The letter listed only those allegations made by multiple sources within the demining community, including senior

Bosnian government officials, Bosnia-Herzegovina Mine Action Center (BHMIC) inspectors and employees, and demining company officials. We stressed the importance the USG attaches to investigating these allegations and to determining if any USG monies were misappropriated and misused.

13. (SBU) Jurcevic noted the severity of the allegations and confirmed that the ongoing Kojic case had already raised some of these concerns. He said that he is ordering a "full, separate, and exclusive" investigation into the demining programs, and would immediately stand-up a taskforce comprised of a state prosecutor, head of SIPA's criminal investigative division, and SIPA investigators to fully probe the allegations. He requested that we meet next week with the taskforce and share our information to assist the investigation. He pledged his full cooperation and assistance in the matter.

#### Prosecutors Continue to Seek Kojic Records

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14. (SBU) In a separate meeting with a prosecutor involved in the Kojic case, we were again asked for USG assistance in the provision of documents requested by the State Prosecutor (Ref C). The prosecutor stressed USG records of financial and equipment transfers to Kojic's demining operations would be crucial to building their case of money laundering and embezzlement. The prosecutor noted that a review of the documentation already in the prosecution's possession indicated that humanitarian demining in the last decade "had been a paradise for some people," and the USG information was necessary to flesh out the scope and depth of the fraud. In all, prosecutors believe that KM 10 million (approximately USD 6.5 million) of demining assistance provided to Kojic remains unaccounted for. Kojic was recently released from custody

pending trial, and prosecutors are looking to shortly issue a formal indictment which would seal all charges.

#### Another Source Comes Forward With Allegations of Fraud

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15. (C/NF) Separately, a former director of the International Trust Fund (ITF) office in Sarajevo, Robert Strazisar (protect), contacted us and offered to provide evidence of alleged ITF complicity in demining fraud and malfeasance in Bosnia. Strazisar met with Embassy Sarajevo LEGATT and Embassy Ljubljana POLCOUNS in Ljubljana on January 25, and shared information reinforcing previous allegations shared with us. Strazisar said he had direct knowledge, from his tenure with the organization, of senior ITF leadership engagement in criminal and fraudulent practices in the demining tender in Bosnia. Strazisar stated that some of the money of donor demining funds was done through a series of "annexes" to award tenders between ITF and demining companies. Strazisar said that prior to his arrival at ITF Bosnia, a practice of approving annexes to contracts long after the work was completed existed. These annexes often resulted in thousands more dollars being given to the contractor without due diligence being performed on services provided. He said he changed this practice with the approval of ITF Headquarters and said firms were required to bid the job and build the cost of changing vegetation etc...into their initial bids.

16. (C/NF) Strazisar asserted that the work cited in the annexes was bogus, and usually involved adding thousands of dollars to an already completed contract. As evidence, Strazisar produced one such annex granting additional funds to Radomir Kojic signed by the General Director of ITF, after Strazisar had refused to do so without express instructions from headquarters. Strazisar stressed that the General Director's involvement in this process violated ITF rules of procedure, and was indicative of actions to circumvent normal rules of oversight and transparency. Though he only possessed direct knowledge of activities occurring during his tenure at ITF, Strazisar stated he had no reason to believe that such practices had been discontinued.

17. (C/NF) Strazisar repeated allegations of high-level collusion between ITF Sarajevo and demining companies. He claimed that in reality only a few truly legitimate demining companies exist in Bosnia, and that they provide kickbacks in return for the awarding of contracts. Strazisar also said that ITF has continued to award tenders to Kojic front companies, and said he knew that some of these shell companies were still receiving tenders for demining work in Serbia. Strazisar expressed hesitancy to provide his information directly to Bosnian law enforcement representatives, citing what he said were realistic fears of retaliation from his former colleagues. He did agree to meet with USG representatives at any point in the future to further discuss his information.

MCELHANEY